



General Assembly

February Session, 2006

Substitute Bill No. 5641

* _____ HB05641HS_APP032106 _____ *

**AN ACT CONCERNING REVISIONS TO THE MEDICAID PROGRAM
AND RATES PAID BY THE DEPARTMENT OF SOCIAL SERVICES TO
LONG-TERM CARE FACILITIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 17b-605a of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective July 1, 2006*):

3 (a) The Commissioner of Social Services shall seek a waiver from
4 federal law to establish a personal care assistance program for persons
5 [ages eighteen through sixty-four] eighteen years of age and older with
6 disabilities funded under the Medicaid program. Such a program shall
7 be limited to a specified number of slots available for eligible program
8 recipients and shall be operated by the Department of Social Services
9 within available appropriations. Such a waiver shall be submitted to
10 the joint standing committees of the General Assembly having
11 cognizance of matters relating to appropriations and the budgets of
12 state agencies and human services in accordance with section 17b-8 no
13 later than January 1, 1996.

14 (b) The Commissioner of Social Services shall amend the waiver
15 specified in subsection (a) of this section to enable persons eligible for
16 or receiving medical assistance under section 17b-597 to receive
17 personal care assistance. Such amendment shall not be subject to the
18 provisions of section 17b-8 provided such amendment shall consist

19 only of modifications necessary to extend personal care assistance to
20 such persons.

21 Sec. 2. Subsection (b) of section 17b-265 of the general statutes is
22 repealed and the following is substituted in lieu thereof (*Effective July*
23 *1, 2006*):

24 (b) When a recipient of medical assistance has personal health
25 insurance in force covering care or other benefits provided under such
26 program, payment or part-payment of the premium for such insurance
27 may be made when deemed appropriate by the Commissioner of
28 Social Services. [Effective January 1, 1992, the commissioner shall limit
29 reimbursement to medical assistance providers, except those providers
30 whose rates are established by the Commissioner of Public Health
31 pursuant to chapter 368d, for coinsurance and deductible payments
32 under Title XVIII of the Social Security Act to assure that the combined
33 Medicare and Medicaid payment to the provider shall not exceed the
34 maximum allowable under the Medicaid program fee schedules.]
35 Medical assistance providers, who contract with the Department of
36 Social Services to provide medical assistance to individuals eligible for
37 both Medicaid and Medicare under 42 USC 1396d(p), shall receive the
38 full deductible and coinsurance payments from the department for
39 medical assistance covered under Title XVIII of the Social Security Act.

40 Sec. 3. Section 17b-261 of the 2006 supplement to the general statutes
41 is repealed and the following is substituted in lieu thereof (*Effective July*
42 *1, 2006*):

43 (a) Medical assistance shall be provided for any otherwise eligible
44 person whose income, including any available support from legally
45 liable relatives and the income of the person's spouse or dependent
46 child, is not more than one hundred forty-three per cent, pending
47 approval of a federal waiver applied for pursuant to subsection (d) of
48 this section, of the benefit amount paid to a person with no income
49 under the temporary family assistance program in the appropriate
50 region of residence and if such person is an institutionalized

51 individual as defined in Section 1917(c) of the Social Security Act, 42
52 USC 1396p(c), and has not made an assignment or transfer or other
53 disposition of property for less than fair market value for the purpose
54 of establishing eligibility for benefits or assistance under this section.
55 Any such disposition shall be treated in accordance with Section
56 1917(c) of the Social Security Act, 42 USC 1396p(c). Any disposition of
57 property made on behalf of an applicant or recipient or the spouse of
58 an applicant or recipient by a guardian, conservator, person
59 authorized to make such disposition pursuant to a power of attorney
60 or other person so authorized by law shall be attributed to such
61 applicant, recipient or spouse. A disposition of property ordered by a
62 court shall be evaluated in accordance with the standards applied to
63 any other such disposition for the purpose of determining eligibility.
64 The commissioner shall establish the standards for eligibility for
65 medical assistance at one hundred forty-three per cent of the benefit
66 amount paid to a family unit of equal size with no income under the
67 temporary family assistance program in the appropriate region of
68 residence, pending federal approval, except that the medical assistance
69 program shall provide coverage to persons under the age of nineteen
70 up to one hundred eighty-five per cent of the federal poverty level
71 without an asset limit. Said medical assistance program shall also
72 provide coverage to persons under the age of nineteen and their
73 parents and needy caretaker relatives who qualify for coverage under
74 Section 1931 of the Social Security Act with family income up to one
75 hundred fifty per cent of the federal poverty level without an asset
76 limit, upon the request of such a person or upon a redetermination of
77 eligibility. Such levels shall be based on the regional differences in
78 such benefit amount, if applicable, unless such levels based on regional
79 differences are not in conformance with federal law. Any income in
80 excess of the applicable amounts shall be applied as may be required
81 by said federal law, and assistance shall be granted for the balance of
82 the cost of authorized medical assistance. All contracts entered into on
83 and after July 1, 1997, pursuant to this section shall include provisions
84 for collaboration of managed care organizations with the Healthy
85 Families Connecticut Program established pursuant to section 17a-56,

86 as amended. The Commissioner of Social Services shall provide
87 applicants for assistance under this section, at the time of application,
88 with a written statement advising them of the effect of an assignment
89 or transfer or other disposition of property on eligibility for benefits or
90 assistance.

91 (b) For the purposes of the Medicaid program, the Commissioner of
92 Social Services shall consider parental income and resources as
93 available to a child under eighteen years of age who is living with his
94 or her parents and is blind or disabled for purposes of the Medicaid
95 program, or to any other child under twenty-one years of age who is
96 living with his or her parents.

97 (c) For the purposes of determining eligibility for the Medicaid
98 program, an available asset is one that is actually available to the
99 applicant or one that the applicant has the legal right, authority or
100 power to obtain or to have applied for the applicant's general or
101 medical support. If the terms of a trust provide for the support of an
102 applicant, the refusal of a trustee to make a distribution from the trust
103 does not render the trust an unavailable asset. Notwithstanding the
104 provisions of this subsection, the availability of funds in a trust or
105 similar instrument funded in whole or in part by the applicant or the
106 applicant's spouse shall be determined pursuant to the Omnibus
107 Budget Reconciliation Act of 1993, 42 USC 1396p. The provisions of
108 this subsection shall not apply to special needs trust, as defined in 42
109 USC 1396p(d)(4)(A).

110 (d) The transfer of an asset in exchange for other valuable
111 consideration shall be allowable to the extent the value of the other
112 valuable consideration is equal to or greater than the value of the asset
113 transferred.

114 (e) The Commissioner of Social Services shall seek a waiver from
115 federal law to permit federal financial participation for Medicaid
116 expenditures for families with incomes of one hundred forty-three per
117 cent of the temporary family assistance program payment standard.

118 (f) To the extent permitted by federal law, Medicaid eligibility shall
119 be extended for [one year} two years to a family that becomes
120 ineligible for medical assistance under Section 1931 of the Social
121 Security Act due to income from employment by one of its members
122 who is a caretaker relative is employed or due to receipt of child
123 support income. [A family receiving extended benefits on July 1, 2005,
124 shall receive the balance of such extended benefits, provided no such
125 family shall receive more than twelve additional months of such
126 benefits.]

127 (g) An institutionalized spouse applying for Medicaid and having a
128 spouse living in the community shall be required, to the maximum
129 extent permitted by law, to divert income to such community spouse
130 in order to raise the community spouse's income to the level of the
131 minimum monthly needs allowance, as described in Section 1924 of
132 the Social Security Act. Such diversion of income shall occur before the
133 community spouse is allowed to retain assets in excess of the
134 community spouse protected amount described in Section 1924 of the
135 Social Security Act. The Commissioner of Social Services, pursuant to
136 section 17b-10, may implement the provisions of this subsection while
137 in the process of adopting regulations, provided the commissioner
138 prints notice of intent to adopt the regulations in the Connecticut Law
139 Journal within twenty days of adopting such policy. Such policy shall
140 be valid until the time final regulations are effective.

141 (h) The Commissioner of Social Services shall, to the extent
142 permitted by federal law, or, pursuant to an approved waiver of
143 federal law submitted by the commissioner, in accordance with the
144 provisions of section 17b-8, impose the following cost-sharing
145 requirements under the HUSKY Plan, on all parent and needy
146 caretaker relatives with incomes exceeding one hundred per cent of the
147 federal poverty level: (1) A twenty-five-dollar premium per month per
148 parent or needy caretaker relative; and (2) a copayment of one dollar
149 per visit for outpatient medical services delivered by an enrolled
150 Medicaid or HUSKY Plan provider. The commissioner may implement
151 policies and procedures necessary to administer the provisions of this

152 subsection while in the process of adopting such policies and
153 procedures as regulations, provided the commissioner publishes notice
154 of the intent to adopt regulations in the Connecticut Law Journal not
155 later than twenty days after implementation. Policies and procedures
156 implemented pursuant to this subsection shall be valid until the time
157 final regulations are adopted.

158 (i) Medical assistance shall be provided, in accordance with the
159 provisions of subsection (e) of section 17a-6, to any child under the
160 supervision of the Commissioner of Children and Families who is not
161 receiving Medicaid benefits, has not yet qualified for Medicaid benefits
162 or is otherwise ineligible for such benefits because of institutional
163 status. To the extent practicable, the Commissioner of Children and
164 Families shall apply for, or assist such child in qualifying for, the
165 Medicaid program.

166 (j) The Commissioner of Social Services, pursuant to 42 USC
167 1396a(r)(2), shall file an amendment to the Medicaid state plan to allow
168 the commissioner, when making Medicaid eligibility determinations,
169 to raise the medically needy income limit for persons who are aged,
170 blind or disabled to an amount not to exceed one hundred per cent of
171 the federal poverty level.

172 Sec. 4. (NEW) (*Effective July 1, 2006*) The Commissioner of Social
173 Services, in consultation with the General Assembly, shall create a
174 Medicaid Institute, established through a contractual relationship with
175 a university, for the scholarly study of: Medicaid policy, review,
176 investigation and actuarial analyses of programs and services available
177 under the Medicaid program, review and evaluation of the
178 administrative management of the Medicaid program, and such other
179 areas as deemed appropriate by the Commissioner of Social Services.

180 Sec. 5. Section 17b-261a of the 2006 supplement to the general
181 statutes is repealed and the following is substituted in lieu thereof
182 (*Effective July 1, 2006*):

183 [(a) Any transfer or assignment of assets resulting in the imposition

184 of a penalty period shall be presumed to be made with the intent, on
185 the part of the transferor or the transferee, to enable the transferor to
186 obtain or maintain eligibility for medical assistance. This presumption
187 may be rebutted only by clear and convincing evidence that the
188 transferor's eligibility or potential eligibility for medical assistance was
189 not a basis for the transfer or assignment.

190 (b) Any transfer or assignment of assets resulting in the
191 establishment or imposition of a penalty period shall create a debt, as
192 defined in section 36a-645, as amended, that shall be due and owing by
193 the transferor or transferee to the Department of Social Services in an
194 amount equal to the amount of the medical assistance provided to or
195 on behalf of the transferor on or after the date of the transfer of assets,
196 but said amount shall not exceed the fair market value of the assets at
197 the time of transfer. The Commissioner of Social Services, the
198 Commissioner of Administrative Services and the Attorney General
199 shall have the power or authority to seek administrative, legal or
200 equitable relief as provided by other statutes or by common law.]

201 [(c) The] (a) To the extent permitted by federal law, the
202 Commissioner of Social Services may waive the imposition of [a] any
203 penalty period relating to the transfer or assignment of assets when the
204 transferor (1) in accordance with the provisions of section 3025.25 of
205 the department's Uniform Policy Manual, suffers from dementia at the
206 time of application for medical assistance and cannot explain transfers
207 that would otherwise result in the imposition of a penalty period; or
208 (2) suffered from dementia at the time of the transfer; or (3) was
209 exploited into making such a transfer due to dementia. [Waiver of the
210 imposition of a penalty period does not prohibit the establishment of a
211 debt in accordance with subsection (b) of this section.]

212 [(d)] (b) The Commissioner of Social Services, pursuant to section
213 17b-10, shall implement the policies and procedures necessary to carry
214 out the provisions of this section while in the process of adopting such
215 policies and procedures in regulation form, provided notice of intent to
216 adopt regulations is published in the Connecticut Law Journal not later

217 than twenty days after implementation. Such policies and procedures
218 shall be valid until the time final regulations are effective.

219 Sec. 6. Subdivision (4) of subsection (f) of section 17b-340 of the 2006
220 supplement to the general statutes is repealed and the following is
221 substituted in lieu thereof (*Effective July 1, 2006*):

222 (4) For the fiscal year ending June 30, 1992, (A) no facility shall
223 receive a rate that is less than the rate it received for the rate year
224 ending June 30, 1991; (B) no facility whose rate, if determined pursuant
225 to this subsection, would exceed one hundred twenty per cent of the
226 state-wide median rate, as determined pursuant to this subsection,
227 shall receive a rate which is five and one-half per cent more than the
228 rate it received for the rate year ending June 30, 1991; and (C) no
229 facility whose rate, if determined pursuant to this subsection, would be
230 less than one hundred twenty per cent of the state-wide median rate,
231 as determined pursuant to this subsection, shall receive a rate which is
232 six and one-half per cent more than the rate it received for the rate year
233 ending June 30, 1991. For the fiscal year ending June 30, 1993, no
234 facility shall receive a rate that is less than the rate it received for the
235 rate year ending June 30, 1992, or six per cent more than the rate it
236 received for the rate year ending June 30, 1992. For the fiscal year
237 ending June 30, 1994, no facility shall receive a rate that is less than the
238 rate it received for the rate year ending June 30, 1993, or six per cent
239 more than the rate it received for the rate year ending June 30, 1993.
240 For the fiscal year ending June 30, 1995, no facility shall receive a rate
241 that is more than five per cent less than the rate it received for the rate
242 year ending June 30, 1994, or six per cent more than the rate it received
243 for the rate year ending June 30, 1994. For the fiscal years ending June
244 30, 1996, and June 30, 1997, no facility shall receive a rate that is more
245 than three per cent more than the rate it received for the prior rate
246 year. For the fiscal year ending June 30, 1998, a facility shall receive a
247 rate increase that is not more than two per cent more than the rate that
248 the facility received in the prior year. For the fiscal year ending June
249 30, 1999, a facility shall receive a rate increase that is not more than
250 three per cent more than the rate that the facility received in the prior

251 year and that is not less than one per cent more than the rate that the
252 facility received in the prior year, exclusive of rate increases associated
253 with a wage, benefit and staffing enhancement rate adjustment added
254 for the period from April 1, 1999, to June 30, 1999, inclusive. For the
255 fiscal year ending June 30, 2000, each facility, except a facility with an
256 interim rate or replaced interim rate for the fiscal year ending June 30,
257 1999, and a facility having a certificate of need or other agreement
258 specifying rate adjustments for the fiscal year ending June 30, 2000,
259 shall receive a rate increase equal to one per cent applied to the rate the
260 facility received for the fiscal year ending June 30, 1999, exclusive of
261 the facility's wage, benefit and staffing enhancement rate adjustment.
262 For the fiscal year ending June 30, 2000, no facility with an interim rate,
263 replaced interim rate or scheduled rate adjustment specified in a
264 certificate of need or other agreement for the fiscal year ending June
265 30, 2000, shall receive a rate increase that is more than one per cent
266 more than the rate the facility received in the fiscal year ending June
267 30, 1999. For the fiscal year ending June 30, 2001, each facility, except a
268 facility with an interim rate or replaced interim rate for the fiscal year
269 ending June 30, 2000, and a facility having a certificate of need or other
270 agreement specifying rate adjustments for the fiscal year ending June
271 30, 2001, shall receive a rate increase equal to two per cent applied to
272 the rate the facility received for the fiscal year ending June 30, 2000,
273 subject to verification of wage enhancement adjustments pursuant to
274 subdivision (15) of this subsection. For the fiscal year ending June 30,
275 2001, no facility with an interim rate, replaced interim rate or
276 scheduled rate adjustment specified in a certificate of need or other
277 agreement for the fiscal year ending June 30, 2001, shall receive a rate
278 increase that is more than two per cent more than the rate the facility
279 received for the fiscal year ending June 30, 2000. For the fiscal year
280 ending June 30, 2002, each facility shall receive a rate that is two and
281 one-half per cent more than the rate the facility received in the prior
282 fiscal year. For the fiscal year ending June 30, 2003, each facility shall
283 receive a rate that is two per cent more than the rate the facility
284 received in the prior fiscal year, except that such increase shall be
285 effective January 1, 2003, and such facility rate in effect for the fiscal

286 year ending June 30, 2002, shall be paid for services provided until
287 December 31, 2002, except any facility that would have been issued a
288 lower rate effective July 1, 2002, than for the fiscal year ending June 30,
289 2002, due to interim rate status or agreement with the department shall
290 be issued such lower rate effective July 1, 2002, and have such rate
291 increased two per cent effective June 1, 2003. For the fiscal year ending
292 June 30, 2004, rates in effect for the period ending June 30, 2003, shall
293 remain in effect, except any facility that would have been issued a
294 lower rate effective July 1, 2003, than for the fiscal year ending June 30,
295 2003, due to interim rate status or agreement with the department shall
296 be issued such lower rate effective July 1, 2003. For the fiscal year
297 ending June 30, 2005, rates in effect for the period ending June 30, 2004,
298 shall remain in effect until December 31, 2004, except any facility that
299 would have been issued a lower rate effective July 1, 2004, than for the
300 fiscal year ending June 30, 2004, due to interim rate status or
301 agreement with the department shall be issued such lower rate
302 effective July 1, 2004. Effective January 1, 2005, each facility shall
303 receive a rate that is one per cent greater than the rate in effect
304 December 31, 2004. Effective upon receipt of all the necessary federal
305 approvals to secure federal financial participation matching funds
306 associated with the rate increase provided in this subdivision, but in
307 no event earlier than July 1, 2005, and provided the user fee imposed
308 under section 17b-320 of the 2006 supplement to the general statutes is
309 required to be collected, for the fiscal year ending June 30, 2006, the
310 department shall compute the rate for each facility based upon its 2003
311 cost report filing or, a subsequent cost year filing for facilities having
312 an interim rate for the period ending June 30, 2005, as provided under
313 section 17-311-55 of the regulations of Connecticut state agencies. For
314 each facility not having an interim rate for the period ending June 30,
315 2005, the rate for the period ending June 30, 2006, shall be determined
316 beginning with the higher of the computed rate based upon its 2003
317 cost report filing or the rate in effect for the period ending June 30,
318 2005. Such rate shall then be increased by [\$11.80] eleven dollars and
319 eighty cents per day except that in no event shall the rate for the period
320 ending June 30, 2006, be [\$32.00] thirty-two dollars more than the rate

321 in effect for the period ending June 30, 2005, and for any facility with a
322 rate below ~~[\$195.00]~~ one hundred ninety-five dollars per day for the
323 period ending June 30, 2005, such rate for the period ending June 30,
324 2006, shall not be greater than ~~[\$217.43]~~ two hundred seventeen dollars
325 and forty-three cents per day and for any facility with a rate equal to or
326 greater than ~~[\$195.00]~~ one hundred ninety-five dollars per day for the
327 period ending June 30, 2005, such rate for the period ending June 30,
328 2006, shall not exceed the rate in effect for the period ending June 30,
329 2005, increased by eleven and one-half per cent. For each facility with
330 an interim rate for the period ending June 30, 2005, the interim
331 replacement rate for the period ending June 30, 2006, shall not exceed
332 the rate in effect for the period ending June 30, 2005, increased by
333 ~~[\$11.80]~~ eleven dollars and eighty cents per day plus the per day cost
334 of the user fee payments made pursuant to section 17b-320 of the 2006
335 supplement to the general statutes divided by annual resident service
336 days, except for any facility with an interim rate below ~~[\$195.00]~~ one
337 hundred ninety-five dollars per day for the period ending June 30,
338 2005, the interim replacement rate for the period ending June 30, 2006,
339 shall not be greater than ~~[\$217.43]~~ two hundred seventeen dollars and
340 forty-three cents per day and for any facility with an interim rate equal
341 to or greater than ~~[\$195.00]~~ one hundred ninety-five dollars per day for
342 the period ending June 30, 2005, the interim replacement rate for the
343 period ending June 30, 2006, shall not exceed the rate in effect for the
344 period ending June 30, 2005, increased by eleven and one-half per cent.
345 Such July 1, 2005, rate adjustments shall remain in effect unless (i) the
346 federal financial participation matching funds associated with the rate
347 increase are no longer available; or (ii) the user fee created pursuant to
348 section 17b-320 of the 2006 supplement to the general statutes is not in
349 effect. For fiscal year ending June 30, 2007, all facility rates in effect for
350 the period ending June 30, 2006, shall remain in effect until September
351 30, 2006, except for any facility that would have been issued a lower
352 rate effective July 1, 2006, than for the rate period ending June 30, 2006,
353 due to interim rate status or agreement with the department, shall be
354 issued such lower rate effective July 1, 2006. Effective October 1, 2006,
355 each facility shall receive a rate that is two per cent greater than the

356 rate in effect September 30, 2006, except any facility that would have
357 been issued a lower rate effective October 1, 2006, due to interim rate
358 status or agreement with the department, shall be issued such lower
359 rate effective October 1, 2006. The Commissioner of Social Services
360 shall add fair rent increases to any other rate increases established
361 pursuant to this subdivision for a facility which has undergone a
362 material change in circumstances related to fair rent. Interim rates may
363 take into account reasonable costs incurred by a facility, including
364 wages and benefits.

365 Sec. 7. Subsection (g) of section 17b-340 of the 2006 supplement to
366 the general statutes is repealed and the following is substituted in lieu
367 thereof (*Effective July 1, 2006*):

368 (g) For the fiscal year ending June 30, 1993, any intermediate care
369 facility for the mentally retarded with an operating cost component of
370 its rate in excess of one hundred forty per cent of the median of
371 operating cost components of rates in effect January 1, 1992, shall not
372 receive an operating cost component increase. For the fiscal year
373 ending June 30, 1993, any intermediate care facility for the mentally
374 retarded with an operating cost component of its rate that is less than
375 one hundred forty per cent of the median of operating cost
376 components of rates in effect January 1, 1992, shall have an allowance
377 for real wage growth equal to thirty per cent of the increase
378 determined in accordance with subsection (q) of section 17-311-52 of
379 the regulations of Connecticut state agencies, provided such operating
380 cost component shall not exceed one hundred forty per cent of the
381 median of operating cost components in effect January 1, 1992. Any
382 facility with real property other than land placed in service prior to
383 October 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a
384 rate of return on real property equal to the average of the rates of
385 return applied to real property other than land placed in service for the
386 five years preceding October 1, 1993. For the fiscal year ending June 30,
387 1996, and any succeeding fiscal year, the rate of return on real property
388 for property items shall be revised every five years. The commissioner
389 shall, upon submission of a request, allow actual debt service,

390 comprised of principal and interest, in excess of property costs allowed
391 pursuant to section 17-311-52 of the regulations of Connecticut state
392 agencies, provided such debt service terms and amounts are
393 reasonable in relation to the useful life and the base value of the
394 property. For the fiscal year ending June 30, 1995, and any succeeding
395 fiscal year, the inflation adjustment made in accordance with
396 subsection (p) of section 17-311-52 of the regulations of Connecticut
397 state agencies shall not be applied to real property costs. For the fiscal
398 year ending June 30, 1996, and any succeeding fiscal year, the
399 allowance for real wage growth, as determined in accordance with
400 subsection (q) of section 17-311-52 of the regulations of Connecticut
401 state agencies, shall not be applied. For the fiscal year ending June 30,
402 1996, and any succeeding fiscal year, no rate shall exceed three
403 hundred seventy-five dollars per day unless the commissioner, in
404 consultation with the Commissioner of Mental Retardation,
405 determines after a review of program and management costs, that a
406 rate in excess of this amount is necessary for care and treatment of
407 facility residents. For the fiscal year ending June 30, 2002, rate period,
408 the Commissioner of Social Services shall increase the inflation
409 adjustment for rates made in accordance with subsection (p) of section
410 17-311-52 of the regulations of Connecticut state agencies to update
411 allowable fiscal year 2000 costs to include a three and one-half per cent
412 inflation factor. For the fiscal year ending June 30, 2003, rate period, the
413 commissioner shall increase the inflation adjustment for rates made in
414 accordance with subsection (p) of section 17-311-52 of the regulations
415 of Connecticut state agencies to update allowable fiscal year 2001 costs
416 to include a one and one-half per cent inflation factor, except that such
417 increase shall be effective November 1, 2002, and such facility rate in
418 effect for the fiscal year ending June 30, 2002, shall be paid for services
419 provided until October 31, 2002, except any facility that would have
420 been issued a lower rate effective July 1, 2002, than for the fiscal year
421 ending June 30, 2002, due to interim rate status or agreement with the
422 department shall be issued such lower rate effective July 1, 2002, and
423 have such rate updated effective November 1, 2002, in accordance with
424 applicable statutes and regulations. For the fiscal year ending June 30,

425 2004, rates in effect for the period ending June 30, 2003, shall remain in
426 effect, except any facility that would have been issued a lower rate
427 effective July 1, 2003, than for the fiscal year ending June 30, 2003, due
428 to interim rate status or agreement with the department shall be issued
429 such lower rate effective July 1, 2003. For the fiscal year ending June
430 30, 2005, rates in effect for the period ending June 30, 2004, shall
431 remain in effect until September 30, 2004. Effective October 1, 2004,
432 each facility shall receive a rate that is five per cent greater than the
433 rate in effect September 30, 2004. Effective upon receipt of all the
434 necessary federal approvals to secure federal financial participation
435 matching funds associated with the rate increase provided in
436 subdivision (4) of subsection (f) of this section, but in no event earlier
437 than October 1, 2005, and provided the user fee imposed under section
438 17b-320 of the 2006 supplement to the general statutes is required to be
439 collected, each facility shall receive a rate that is four per cent more
440 than the rate the facility received in the prior fiscal year, except any
441 facility that would have been issued a lower rate effective October 1,
442 2005, than for the fiscal year ending June 30, 2005, due to interim rate
443 status or agreement with the department, shall be issued such lower
444 rate effective October 1, 2005. Such rate increase shall remain in effect
445 unless: (A) The federal financial participation matching funds
446 associated with the rate increase are no longer available; or (B) the user
447 fee created pursuant to section 17b-320 of the 2006 supplement to the
448 general statutes is not in effect. For the fiscal year ending June 30, 2007,
449 rates in effect for the period ending June 30, 2006, shall remain in effect
450 until September 30, 2006, except any facility that would have been
451 issued a lower rate effective July 1, 2006, than for the fiscal year ending
452 June 30, 2006, due to interim rate status or agreement with the
453 department, shall be issued such lower rate effective July 1, 2006.
454 Effective October 1, 2006, each facility shall receive a rate that is two
455 per cent greater than the rate in effect September 30, 2006, except for
456 any facility that would have been issued a lower rate effective October
457 1, 2006, due to interim rate status or agreement with the department,
458 shall be issued such lower rate effective October 1, 2006.

459 Sec. 8. Subdivision (1) of subsection (h) of section 17b-340 of the
460 2006 supplement to the general statutes is repealed and the following
461 is substituted in lieu thereof (*Effective July 1, 2006*):

462 (h) (1) For the fiscal year ending June 30, 1993, any residential care
463 home with an operating cost component of its rate in excess of one
464 hundred thirty per cent of the median of operating cost components of
465 rates in effect January 1, 1992, shall not receive an operating cost
466 component increase. For the fiscal year ending June 30, 1993, any
467 residential care home with an operating cost component of its rate that
468 is less than one hundred thirty per cent of the median of operating cost
469 components of rates in effect January 1, 1992, shall have an allowance
470 for real wage growth equal to sixty-five per cent of the increase
471 determined in accordance with subsection (q) of section 17-311-52 of
472 the regulations of Connecticut state agencies, provided such operating
473 cost component shall not exceed one hundred thirty per cent of the
474 median of operating cost components in effect January 1, 1992.
475 Beginning with the fiscal year ending June 30, 1993, for the purpose of
476 determining allowable fair rent, a residential care home with allowable
477 fair rent less than the twenty-fifth percentile of the state-wide
478 allowable fair rent shall be reimbursed as having allowable fair rent
479 equal to the twenty-fifth percentile of the state-wide allowable fair
480 rent. Beginning with the fiscal year ending June 30, 1997, a residential
481 care home with allowable fair rent less than three dollars and ten cents
482 per day shall be reimbursed as having allowable fair rent equal to
483 three dollars and ten cents per day. Property additions placed in
484 service during the cost year ending September 30, 1996, or any
485 succeeding cost year shall receive a fair rent allowance for such
486 additions as an addition to three dollars and ten cents per day if the
487 fair rent for the facility for property placed in service prior to
488 September 30, 1995, is less than or equal to three dollars and ten cents
489 per day. For the fiscal year ending June 30, 1996, and any succeeding
490 fiscal year, the allowance for real wage growth, as determined in
491 accordance with subsection (q) of section 17-311-52 of the regulations
492 of Connecticut state agencies, shall not be applied. For the fiscal year

493 ending June 30, 1996, and any succeeding fiscal year, the inflation
494 adjustment made in accordance with subsection (p) of section
495 17-311-52 of the regulations of Connecticut state agencies shall not be
496 applied to real property costs. Beginning with the fiscal year ending
497 June 30, 1997, minimum allowable patient days for rate computation
498 purposes for a residential care home with twenty-five beds or less shall
499 be eighty-five per cent of licensed capacity. Beginning with the fiscal
500 year ending June 30, 2002, for the purposes of determining the
501 allowable salary of an administrator of a residential care home with
502 sixty beds or less the department shall revise the allowable base salary
503 to thirty-seven thousand dollars to be annually inflated thereafter in
504 accordance with section 17-311-52 of the regulations of Connecticut
505 state agencies. The rates for the fiscal year ending June 30, 2002, shall
506 be based upon the increased allowable salary of an administrator,
507 regardless of whether such amount was expended in the 2000 cost
508 report period upon which the rates are based. Beginning with the fiscal
509 year ending June 30, 2000, the inflation adjustment for rates made in
510 accordance with subsection (p) of section 17-311-52 of the regulations
511 of Connecticut state agencies shall be increased by two per cent, and
512 beginning with the fiscal year ending June 30, 2002, the inflation
513 adjustment for rates made in accordance with subsection (c) of said
514 section shall be increased by one per cent. Beginning with the fiscal
515 year ending June 30, 1999, for the purpose of determining the
516 allowable salary of a related party, the department shall revise the
517 maximum salary to twenty-seven thousand eight hundred fifty-six
518 dollars to be annually inflated thereafter in accordance with section
519 17-311-52 of the regulations of Connecticut state agencies and
520 beginning with the fiscal year ending June 30, 2001, such allowable
521 salary shall be computed on an hourly basis and the maximum
522 number of hours allowed for a related party other than the proprietor
523 shall be increased from forty hours to forty-eight hours per work week.
524 For the fiscal year ending June 30, 2005, each facility shall receive a rate
525 that is two and one-quarter per cent more than the rate the facility
526 received in the prior fiscal year, except any facility that would have
527 been issued a lower rate effective July 1, 2004, than for the fiscal year

528 ending June 30, 2004, due to interim rate status or agreement with the
529 department shall be issued such lower rate effective July 1, 2004.
530 Effective upon receipt of all the necessary federal approvals to secure
531 federal financial participation matching funds associated with the rate
532 increase provided in subdivision (4) of subsection (f) of this section,
533 but in no event earlier than October 1, 2005, and provided the user fee
534 imposed under section 17b-320 of the 2006 supplement to the general
535 statutes is required to be collected, each facility shall receive a rate that
536 is determined in accordance with applicable law and subject to
537 appropriations, except any facility that would have been issued a
538 lower rate effective October 1, 2005, than for the fiscal year ending June
539 30, 2005, due to interim rate status or agreement with the department,
540 shall be issued such lower rate effective October 1, 2005. Such rate
541 increase shall remain in effect unless: (A) The federal financial
542 participation matching funds associated with the rate increase are no
543 longer available; or (B) the user fee created pursuant to section 17b-320
544 of the 2006 supplement to the general statutes is not in effect. For the
545 fiscal year ending June 30, 2007, rates in effect for the period ending
546 June 30, 2006, shall remain in effect until September 30, 2006, except
547 any facility that would have been issued a lower rate effective July 1,
548 2006, than for the fiscal year ending June 30, 2006, due to interim rate
549 status or agreement with the department, shall be issued such lower
550 rate effective July 1, 2006. Effective October 1, 2006, each facility shall
551 receive a rate that is four per cent greater than the rate in effect
552 September 30, 2006, except for any facility that would have been issued
553 a lower rate effective October 1, 2006, due to interim rate status or
554 agreement with the department, shall be issued such lower rate
555 effective October 1, 2006.

556 Sec. 9. (NEW) (*Effective July 1, 2006*) The Commissioner of Social
557 Services, pursuant to Section 6071 of the Deficit Reduction Act of 2005,
558 shall submit an application to the Secretary of Health and Human
559 Services to establish a Money Follows the Person Rebalancing
560 Demonstration Project. Such demonstration project shall serve not
561 more than one hundred persons and shall be designed to achieve the

562 objectives set forth in Section 6071(a) of the Deficit Reduction Act of
563 2005. The commissioner may apply for a Medicaid Research and
564 Demonstration Waiver under Section 1115 of the Social Security Act, if
565 such waiver is necessary to implement the demonstration project. The
566 commissioner may, if necessary, modify any existing Medicaid home
567 or community-based waiver, if such modification is required to
568 implement the demonstration project.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2006</i>	17b-605a
Sec. 2	<i>July 1, 2006</i>	17b-265(b)
Sec. 3	<i>July 1, 2006</i>	17b-261
Sec. 4	<i>July 1, 2006</i>	New section
Sec. 5	<i>July 1, 2006</i>	17b-261a
Sec. 6	<i>July 1, 2006</i>	17b-340(f)(4)
Sec. 7	<i>July 1, 2006</i>	17b-340(g)
Sec. 8	<i>July 1, 2006</i>	17b-340(h)(1)
Sec. 9	<i>July 1, 2006</i>	New section

HS**Joint Favorable Subst. C/R****APP**